

26 October 1981

MEMORANDUM FOR: Deputy Director of Security (PTAS)

STAT FROM: [REDACTED]
Chief of Operations (PTAS)

SUBJECT: Comments - Unannounced Security Audit Policy

1. As I remember the historical facts, the then DCI--after Boyce-Lee--felt that the industrial contractors involved with national programs were at best very cavalier in their "put into effect acceptance" of Agency contract security standards. I believe he felt that the Boyce-Lee exposure at TRW, especially after the first Security team's audit report, proved the fact and was reason enough to exact some type of punitive measures. At any rate, it was at his direction that the unannounced policy was put into effect and, as I remember, we tried to adhere to it religiously, even to the point of receiving some really merited criticism from industrial leaders.

2. After the initial flurry subsided, what appeared to be a contradictory situation arose. On the one hand, efforts were made to repair the CIA-contractor relationship, a part of which was to bring the two security interests closer together. Eventually this went as far as--during the APEX era--to make corporate security an equal partner, to the extent that to some few it appeared that corporate security was dictating APEX security policies. On the other hand, there was really no change in the unannounced inspection policy.

3. I am persuaded that [REDACTED] analysis is correct. A change from the unannounced inspection procedure would be beneficial overall and any loss would be extremely minimal. Even if corporate security used the few days prior to the inspection to correct security deficiencies, this would be all to the good as improved security is our real intention. At any rate, our industrial audit teams are now quite experienced in the audit function and I feel sure would be sharp enough to realize what had occurred, thus could use this knowledge to reinforce thorough, subtle challenge that we expect enhancements to take place as it becomes necessary, not just before arrival of the CIA audit team.

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4. I feel that we should change the policy, with one proviso that we retain the option to conduct unannounced audits where we see a particular contractor consistently resisting our security standards and being dishonest or not above-board in their dealings with our security and contracting officers. In my estimation, there would be little need to exercise the option as I believe there is now a mutuality of respect between CIA Security and our contractors.



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